

We do not necessarily accept the above analysis as it depends on a number of assumptions and judgments. What it does is examine the possible revenue available if stations operate to predicted patterns and there is market expansion. It measures room in the market but, of course, the actual impact on 2ZP of actual competitors depends on 2ZP's performance. It may be a newcomer who fails to realise the potential revenue.

In his final submissions Mr McGrath relied on the corporation's evidence relating to the New Plymouth market. We prefer not to follow that reasoning without a reassessment of growth prospects which must be better in that city than in the region as a whole.

The corporation said a loss of income for 2ZP would cause a cut in services. When pressed however the manager could only point specifically to one matter of any substance having to move into cheaper premises. He felt the present building was not too big for one station, which simply indicated that normal action would be taken to keep costs down.

We have had to bear in mind the impact of ZM/FM, in conjunction with 2ZP, on a private station.

- (d) The needs of New Zealand or the locality or localities proposed to be served, in respect of broadcasting services:

As has been explained already, the ZM/FM service provides a largely metropolitan service to the younger end of the listening audience with a core target of 15 to 24 years.

We believe that the initial need in the area is for a station with wider demographic base, providing a local service preferably full-time. Despite the criticism by the corporation that the core audiences of the other applicants were too wide, we preferred the inclusion of an older age group in the target audience. Energy Enterprises assessed that need better than Action FM.

We note that the corporation's commercial 2ZP service is for nearly half the 24-hour day network operation from Wellington, and the National Programme is a network relay service.

Despite the elements of local origination and local activity, the ZM service is likely to be seen as a metropolitan based music service with local injects. (It is much less likely to be identified as "our station" than 2ZH).

Because ZM/FM would serve a narrower age group (albeit with some spill over to an older audience), we do not believe that the institution of this service is as urgent as the institution of a fully local service.

We therefore propose that the ZM/FM service should commence 12 months after the commencement of the Energy Enterprises service. The delay will cause no significant hardship to the potential listening audience because the Energy Enterprises services will provide a hitherto unavailable stereo FM music programme directed to their needs. The ZM/FM proposal will give them a choice.

The tribunal does not consider there is a need for 2 new similar commercial stations such as Action and Energy. The ZM/FM option in conjunction with either private station would provide a contrasting service. It also requires less revenue because of its network.

With the commencement of the ZM/FM service, the target audience of Energy Enterprises would move up the age groups, with greater emphasis on the 18-39 age group or even 25-39 with some spillover to the 39-44 age group.

All these factors go to meeting the needs of the people in the region.

Without the introduction of a private warrant holder the corporation would have a monopoly of radio service for Taranaki.

- (e) The financial and commercial ability of the applicant to carry on the proposed service:

There was some criticism of the financial and commercial ability of Energy Enterprises Ltd. and there was specific criticism of the personal financing arrangements of the participants. We are satisfied these arrangements are adequate and consider the family support and support of each other a strength.

There was also criticism of their having control of a majority of the shareholding in the applicant company through Energy Holdings Ltd. The tribunal takes no objection to this any more than it would if the majority shares of the station were owned by a local company. On the contrary an arrangement whereby some people dedicated to this particular purpose who, as a team, want to keep the overall shareholding control of the station is seen as a stabilising influence.

We consider it a desirable feature which ought to be retained but would be changed by the acquisition of Energy Holdings Ltd. The tribunal will impose a condition that requires the consent of the tribunal to any change of control of Energy Holdings Ltd. while it holds a prescribed interest in the warrant holder.

Having seen and heard Messrs Joyce and Noldus who gave evidence we are satisfied as to their ability. We are impressed with the content of their application, and their realism moderates their dedication and enthusiasm. We place some reliance on Mr Lowe's assessment of them and his confidence in being a director. Five operational staff were named.

Criticism was also made of Action FM's manager and doubt cast on whether he would take up his appointment. We do not accept that these speculations should affect our judgment that he is competent.

We concluded in the end that although the situations were different, there was little on balance to separate the two companies as far as station managers was concerned. Both have good boards of directors, although Action FM's includes only one with previous, though limited, broadcasting experience.

On balance we concluded the Energy Enterprises board and management gave it a slight edge over Action FM under this heading.

- (f) The likelihood of the applicant carrying on the proposed service satisfactorily:

We concluded that all of the applicants were likely to carry on their proposed services satisfactorily.

- (g) The results of any survey available to the tribunal:

The BCNZ conducted a survey in New Plymouth to ascertain music tastes, radio needs and FM interests and expectations.

It was taken over a 2-week period involving 329 people randomly selected from the telephone book.

Among the findings were conclusions that the market was ready for a wider range of listening options and that there was strong support for the introduction of FM, particularly among 15 to 24-year olds who gave their main reason for radio listening as music enjoyment.

The 30 to 44 years age group was also interested in FM and wanted enhanced sound quality but tended to give news and information as a main reason for listening.

A survey on business attitudes to radio services was also conducted by the corporation when 2 short-term broadcasting authorisations were operating.

It was conducted over a 2-week period and 115 businesses were randomly selected from the telephone book.

There was a high degree of satisfaction with the usage of radio by the business community, but there was some demand for additional services. In reference to advertising needs 71 percent said that the present services were sufficient for their advertising needs and 18.3 percent said they were insufficient, while 10.4 percent said they did not know.

Ownership of the station was not seen as important by 56 percent of respondents. Of the 44 percent of businesses who thought it was important, the greatest preference was for local ownership.

Mr Joyce gave evidence of surveys done for Energy Enterprises Ltd. but they were not relied upon for the warrant application.

In 1984/85 a random door-to-door survey of 770 north Taranaki households was conducted. The results showed that 27.9 percent of the 10+ respondents said their favourite station was Energy and 49.7 percent of the 10- to 35-year-old target group chose Energy.

In 1985/86 Energy Enterprises commissioned a local marketing company to survey listening preferences, set penetration, acceptance of Energy, and the need for the Energy service. The results were said to be for their own purposes only and were claimed to show acceptable listenership to Energy among under-40s and acceptance of programme format.

Energy claimed all the survey material was supportive of its application and that the corporation's surveys showed a clear preference for the establishment of a station which was private and locally backed. Energy Enterprises said the McDonald Marketing Survey was an indicator of the considerable interest in any Energy FM service.

The corporation considered that the latter survey should be disregarded for technical reasons, but urged that its own survey should be taken into account.